UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL

E

Distr.
LIMITED

E/ECA/TRADE/28
27 July 1985

Original: ENGLISH

ECONOMIC COMMISSION FOR AFRICA

African Intergovernmental Group of Experts' Meeting on Trade and Development

Brazzaville, Congo
21 to 25 October 1985

ECONOMIC COMMISSION FOR AFRICA

Conference of African Ministers of Trade
Eighth session

Brazzaville, Congo
28 to 31 October 1985

LC/NAIROBI.

INTRA-AFRICAN TRADE

IN

SELECTED MINERAL RAW MATERIALS

(An Issue Paper)

TABLE OF CONTENTS

Page

I. Introduction.....1

II. Production of Certain Ni-metal Hex Nuts:
Current Technology.....2

III. Impact of Import-Related Trends in Certain Primary
and Materials.....9

IV. Some Recommendations for Improving the Competitive
Position of Domestic Ni-metal Hex Nut Producers.....18

E/ECA/TRADE/28

I. Introduction

1. Africa is endowed with large quantities of mineral resources most of which have not been exploited fully. In 1982 and 1983, the mining sector accounted for only 3 per cent of the total domestic product (GDP) of developing Africa. 1/ Moreover, practically all of the exploited mineral resources were for the developed countries for processing. Africa is now striving, per the targets laid down in Lima Declaration, to produce 2 per cent of world industrial production. The Lagos Plan of Action indicates the principal directions to be followed for co-operation in research, exploitation, processing and trade in respect of the mineral raw materials.

2. This paper, while taking note of recent trends in production and trade of selected mineral products, is mainly intended to discuss the major issues relating to intra-African trade in mineral raw materials and the various appropriate measures to be taken by African countries in order to fully promote their intra-African trade in this particular sector.

1/ Source: ECA Statistics Division, National Accounts Computer Printouts, 1984.

II. Production of certain mineral raw materials: recent trends

3. Africa's production of mineral raw materials is both large and diversified, although almost all of its production is processed outside the continent. This is indeed a considerable loss for African countries, both economically and commercially.

4. As the attached tables 1(a) to (f) show, Africa's share of world production of some minerals is fairly important. For example, during the review period, Africa supplies 16 per cent of world bauxite production, 14-15 per cent of world copper ores production. Africa's phosphate rocks accounted to 21-22 per cent of world phosphate rocks production and its manganese ore production represented between 7 and 10 per cent of world production.

5. The major manganese ore-producing countries are Gabon, Ghana and Morocco whose production in 1982 accounted for 9.9 per cent of developing Africa total production (see table 1(a)). Zaire's production fell from 17 thousand tons in 1980 to 4 thousand in 1982. According to data provided by the ECA Survey of Economic and Social Conditions in Africa in 1983, Zaire's manganese mining has been impeded as a result of the blockage of the Benguela railroad. It should be added that the major producer in Africa by world standards is Gabon (see table 1(e)), though 1982 production of 1.5 million tons is only 60 per cent that of 1978 when the country made a record output of 2.5 million tons. Prospects for a production increase in Gabon above the levels achieved previously will depend on the extension of the trans-Gabonese railway as far as the manganese deposits around Franceville in order to increase transport capacity which, with the 76 kilometer long overhead cableway currently in use, is at maximum capacity. Among unexploited manganese resources in Africa, Burkina Faso has the most important reserves which are estimated at 13.3 million at Tambao whose development is pending until a 350 km rail connexion is built, connecting the deposit with the Abidjan railroad in Ouagadougou. 2/

6. Bauxite is produced in Africa mainly by four countries: Guinea, Ghana, Sierra Leone and Zimbabwe. Guinea, the second largest world producer after Australia, had an output of 11.827 million of tons in 1982, only slightly less than the previous years' production of 12.822 million tons (see table 1(b)). The Guinea's production in 1982 accounted for 94 per cent of the total African production. Ghana's production decreased from 196.9 thousand tons in 1980 to 63.5 thousand in 1982. This short-fall in Ghana's production could be put on account of reduced hydro-electric power supply due to extended drought that lowered the water level of the Volta lake which feeds the Akosonko hydro

2/ ECA, Survey of Economic and Social Conditions in Africa, 1983-1984.

Table 3 (cont'd) Production of Manganese Ore

(Thousand tons)

Country	1980	1981	1982	1983
Egypt	-	-	-	...
Gabon	2 147	1459	1500	...
Ghana	73	233	160	...
Morocco	71	110	54	...
Zaire	1	33	4	...
Developing Africa, Total	2 293	1835	1758	...
World Total	20700	21000	21300	...
% of Developing Africa's contribution to total world production	11	8	7	...

Source: British Geological Survey, World Mineral Statistics, 1978-82.

Table 4 (cont'd) Production of Bauxite

(Thousand tons)

Country	1980	1981	1982	1983
Ghana	154.6	173.6	63.5	...
Guinea	13462.0	12822.0	11827.4	...
Sierra Leone	468.0	606.0	632.0	...
Zimbabwe	4.0	5.0	7.5	...
Developing Africa, Total	14850.9	13612.9	12530.4	...
World Total	93822.8	88712.3	78177.2	...
% of Developing Africa's contribution to total world production	16	15	16	...

Source: British Geological Survey, World Mineral Statistics, 1978-82.

Table 1 (b).- Production of Tin ore

Country	1980	1981	1982	1983
	(Thousand tons)			
Namibia	1.0	0.9	0.8	1.2
Niger	0.1	0.1	0.1	0.1
Nigeria	1.5	1.5	1.7	1.3
Rwanda	1.3	1.2	1.2	1.0
Uganda	0.1	0.1	0.1	0.1
Zaire	2.3	2.3	2.2	2.1
Zimbabwe	1.1	1.0	1.2	1.2
Developing Africa: total	7.4	7.1	7.3	7.0
World Total	241.1	230.7	224.2	...
% of Developing Africa's contribution to total world production	3	3	3	...

Source: British Geological Survey, World Metal Statistics, May 1984.

Table 1 (c).- Production of Copper ore

Country	1980	1981	1982	1983
	(Thousand tons)			
Algeria	0.2	0.2	0.2	0.1
Botswana	17.8	17.8	18.4	20.3
Congo	0.3	0.2	0.4	-
Mauritania	-	-	-	-
Morocco	8.3	7.6	20.9	8.2
Mozambique	-	-	-	-
Namibia	38.3	44.1	45.3	54.2
Uganda	-	-	-	-
Zaire	459.7	506.9	503.9	502.5
Zambia	297.3	297.4	329.6	515.2
Developing Africa: Total	1121.2	1180.8	1145.8	1134.1
World Total	7961.1	7781.6	8222.4	...
% of Developing Africa's contribution to total world production	14	14	14	...

Source: British Geological Survey, World Metal Statistics, May 1984.

Table 1 (e): Production of Iron Ore

Country	(Thousand tons) 1980	1981	1982	1983
Algeria	3500	3700	3800	...
Egypt	1776	1944	2037	...
Liberia	17900	19704	18165	...
Mauritania	8936	8704	7000	...
Morocco	73	73	224	...
Swaziland	-	-	-	-
Tunisia	389	396	274	...
Zimbabwe	1622	1098	837	...
Developing Africa, Total	34201	35613	32337	...
World Total	896000	856000	783000	...
% of Developing Africa's contribution to total world production	4	4	4	...

Source: British Geological Survey, World Mineral Statistics, 1978-82.

Table 1 (f): Production of Zinc Ore

Country	(Thousand tons) 1980	1981	1982	1983
Algeria	[illegible]	[illegible]	22.0	21.6
Congo	-	-	-	-
Morocco	6.1	7.9	12.3	7.7
Namibia	25.4	36.4	35.7	32.2
Tunisia	9.0	8.2	8.4	8.0
Zaire	67.0	75.[illegible]	82.1	81.9
Zambia	42.9	39.7	52.5	43.0
Developing Africa, Total	158.0	187.8	213.0	195.3
World Total	6172.2	6127.5	6507.2	...
% of Developing Africa's contribution to total world production	3	3	3	...

Source: British Geological Survey, World Mineral Statistics, 1978-82.

Table 1 (g): Production of Phosphate rock

Country	1980	1981	1982	1983
	(Thousand tons)			
Algeria	1025	858	947	...
Egypt	658	720	708	...
Morocco	18824	18662	17754	...
Senegal	1290	1792	837	...
Togo	2933	2215	2035	...
Tunisia	4502	4224	4729	...
Zimbabwe	130	122	122	...
Developing Africa, Total	29362	29193	27132	...
World Total	139000	137000	123000	...
% of Developing Africa's contribution to total world production	21	21	22	...

Source: British Geological Survey, World Mineral Statistics, 1978-82.

III. State of Intra-African Trade in Certain Mineral Raw Materials

A - SIGNIFICANCE OF TRADITIONAL OUTLETS

a) Exports

12. Almost all African mineral raw materials go abroad for processing. It should be noted that developed market economy countries have secured control of the deposits in many African countries. The African market is therefore considered as an outlet for the industries of the developed countries. Over 80 per cent of African production of mineral raw materials is indeed exported to the developed world. A few examples which are extracted from previous ECA papers illustrate the situation. Copper exports often account for more than 80 per cent of total African production. Almost all unprocessed or semi-processed iron ore is exported since an iron and steel industry is lacking. West African phosphate producing countries export nearly 95 per cent of their production. The proportion of African bauxite exported is in the range of 85-95 per cent.

b) Imports

13. African imports of mineral raw materials are still limited. They instead import semi-finished, finished or compounded products based on mineral raw materials. It is unfortunate that African countries still import from outside the region these manufactured goods that cost hundreds of millions of dollars and that are manufactured from ores previously mined and exported as such from Africa.

c) Importance of these exports for the producing countries

14. It should be noted that a number of African countries rely heavily on exports of ores and metals. From the available data provided in tables 3 and 4, one can note the varying importance of trade in ores and metals for different countries. Zambia's exports of ores and metals for the years 1970 and 1975 show that almost all of the country's exports consisted of ores and metals alone. The percentage shares are 98.02 and 97.55 respectively. Mauritania's exports show that the country's exports of ores and metals accounted to 89.32 per cent of the total exports of 1970 and 96.08 per cent of the total exports of 1975. Zaire's exports show that the country's exports of ores and metals accounted to 77.79 per cent of the total exports of the country for the year 1970 and 70.67 per cent of the total exports in 1975. Liberia's exports show that the country's exports of ores and metals accounted to 73.65 per cent of the total exports of the country for the year 1970 and 79.36 per cent, 57.60 per cent and 66.74 per cent for the years 1975, 1980 and 1981 respectively. Morocco's exports of ores and metals are as well significant. For the years 1970, 1975, 1980 and 1981 the percentage contribution of ores and metals was 32.64, 59.49, 40.55 and 39.14

respectively. Niger's exports of ores and metals was 60.88, 84.75 and 79.82 for for the years 1975, 1980 and 1981 respectively. Togo's exports of ores and metals were 65.53, 40.82 and 51.52 for the years 1975, 1980 and 1981 respectively.

B - PRICE FLUCTUATIONS 8/

15. The collapse of commodity prices in the 1980's, especially of primary commodities, holds very well true for African country primary commodities especially mineral raw materials. 9/ In most cases taken without taking due consideration of the country's positions due to the strong influence of transnational Corporations these negative price movements affect the countries concerned in many different ways:

(i) they contribute to the determination of the extent of the benefits derived from international trade;

(ii) they influence the magnitude of external financing requirements;

(iii) they affect the rate of growth of domestic prices and real income.

16. In actual fact the behaviour of the prices of internationally traded goods is governed by very complex and interrelated forces which vary quite substantially from commodity to commodity.

17. In the African context, the rise in prices of manufactures also aggravates the already deteriorated economies due to the above factor, i.e. collapse of primary commodities.

Table 2

Annual change in World Market Prices of Primary Commodities exported by developing countries

(percentage)

Export Item	1970-75a/	1975-80a/	1980	1981	1982*
Mineral ores and metals	6.4	10.6	13.3	-12.3	-12.7
Total primary commodities (excluding petroleum)	11.9	11.3	14.8	-15.6	-16.1

* Estimated value.
a/ Coverage.

8/ For further discussions of the subject refer to UNCTAD Reports and monthly Bulletins of Price Statistics.
9/ Developing country primary export price changes are shown on Table 2.

is carried by African governments. It argues that African countries prefer to sell their raw materials outside the continent with a view to obtaining foreign exchange, so necessary for their economic development. It is only recently that African countries have embarked upon trade co-operation on sub-regional basis. The scope of preferential treatment between themselves is limited and covers only selected lists of products, while at the same time a strengthened co-operation in the field of trade of mineral raw materials exists between the African group of ACP countries and EEC. This relationship runs counter to the movement of raw materials between African countries. Beside these preferential arrangements by the developed economy-market countries, African countries tend to rely on transnational corporations for investment financing, production and marketing of raw materials in the absence of national institutions to rationally develop the mineral sector. Furthermore, African countries lack organizations to promote trade of mineral raw materials especially at the sub-regional and/or regional levels. Finally, the lack of intra-African commodity exchanges able to facilitate and to focus trade on the needs of the African continent constitutes a major constraint to intra-African trade in mineral raw materials.

(3) In addition to the above-mentioned obstacles, one should underline that the inadequacy or lack of a communications infrastructure between African countries is an acute barrier to intra-African trade. Existing networks are primarily oriented towards developed countries on a North-South axis.

Table 3
Percentage share of trade in ores and metals
for selected African countries 10/

Country	1970	1975	1980	1981	1982
Algeria	4.99	2.03	0.61	...	...
Angola	12.25	8.45	...	...	...
Benin	0.12	0.25	...	...	...
Burkina Faso	1.47	0.79	0.94	0.51	-
Burundi	3.83	0.91	0.73	...	...
Cameroon	3.97	7.80	1.80	-	1.79
Cape Verde	11.00	3.49	9.12	...	...
Central African Republic	0.09	0.00	0.22	...	...
Chad	0.22	0.83	...	...	...
Comoros	0.00	0.00	...	...	...
Congo	0.25	1.70	0.24	...	...
Djibouti	-	2.42	...	...	...
Egypt	1.61	2.39	3.01	4.34	...

10/ Ores and metals refers to the items as classified in the Standard International Trade Classification as SITC (27+28+67+68).

Benin	6.28	-	-	-	-
Burkina Faso	6.34	5.87	5.54	4.17	-
Burundi	1.63	2.05	2.00	-	-
Cameroon	5.20	6.05	6.56	-	-
Cape Verde	1.78	1.47	1.41	-	-
Central African Republic	4.09	3.66	3.33	-	-
Chad	2.34	1.97	-	-	-
Comoros	19.56	-	-	-	-
Congo	7.12	7.69	9.53	-	-
Djibouti	-	1.71	-	-	-
Egypt	6.13	2.48	3.10	5.84	-
Ethiopia	2.26	1.04	3.05	-	-
Gabon	3.27	2.84	-	-	-
Gambia	1.57	2.64	-	-	-
China	4.40	7.08	-	-	-
Guinea-Bissau	3.11	1.75	-	-	-
Ivory Coast	2.45	1.14	-	-	-
Kenya	4.38	5.24	6.53	-	-
Liberia	3.68	3.74	7.03	3.13	-
Libyan Arab Jamahiriya	3.36	3.65	6.47	1.98	-
Madagascar	0.41	7.08	7.54	-	-
Malawi	5.17	7.63	7.20	-	-
Mauritania	4.72	4.94	-	-	-
Mauritius	6.20	4.60	-	-	-
Morocco	10.07	7.21	9.43	1.06	-
Mozambique	1.36	21.20	-	-	-
Niger	3.36	5.87	6.05	4.92	-
Nigeria	12.34	-	-	-	-
Rwanda	3.39	6.49	-	-	-
Sao Tome & Principe	1.92	-	-	-	-
Senegal	9.23	5.64	2.70	1.64	-
Seychelles	-	2.51	2.81	-	-
Sierra Leone	3.36	3.52	-	-	-
Somalia	2.17	3.65	3.51	-	-
Sudan	3.91	3.66	4.21	4.07	-
Togo	6.16	7.42	2.16	3.08	-
Tunisia	8.39	7.58	10.08	9.42	-
Uganda	6.69	6.34	-	-	6.49
United Rep. of Tanzania	7.36	7.62	5.38	-	-
Zaire	7.93	5.97	-	-	-
Zambia	5.06	7.27	-	-	-
Zimbabwe	-	-	-	-	-

Source : UNCTAD, Handbook of International Trade and Development Statistics, 1993.

Table 5
Percentage share by origin and destination of trade in ores and metals of developing Africa 12/

	Imports By Origin (%)			Exports by Destination (%)		
	1965	1970	1980	1965	1970	1980
Developed market economies	86.6	82.9	89.2	94.4	84.2	85.4
Developing countries total	4.8	7.9	6.5	2.7	3.7	7.3
Socialist countries of Eastern Europe total	6.9	8.7	3.5	2.2	2.4	5.7
Africa	4.2	3.2	2.5	1.4	1.2	2.7

Source: UNCTAD, Handbook of International Trade and Development Statistics, 1983.

12/ Ores and metals refer to the items as classified in the Standard International Trade Classification as SITC (27+28+67+68).

Table 6

Intra-African Trade in Certain Mineral Raw Materials

(Values in thousand US dollars)

Country	Year	Total Exports to World	Total Exports to Africa	Percentage to Africa	Country	Year	Total Imports from World	Total Imports from Africa	Percentage from Africa
1. Copper Ores and Concentrates									
Morocco	1979	10 524	-	0.0	Egypt	1979	-	-	-
	1980	15 814	-	0.0		1980	2 059	-	-
	1981	11 105	-	0.0		1981	-	-	-
	1982	21 810	-	0.0		1982	1 685	1 685	100.0
Algeria	1979	425	-	0.0	Tunisia	1979	...	...	..
	1980	-	-	0.0		1980	112	-	0.0
	1981	557	-	0.0		1981	109	-	-
	1982	288	-	0.0		1982	...	...	...
2. Copper metal									
Tunisia	1979	3.31	-	0.0	Algeria	1979	44 164	2 143	4.9
	1980	...	...	..		1980	68 476	12 559	18.3
	1981	...	...	..		1981	63 660	7 394	11.6
	1982	...	...	..		1982	44 863	2 422	5.4
Zambia	1979	1 124 986	9 639	0.9	Malawi	1979	394	254	64.5
	1980	...	...	..		1980	359	119	33.1
	1981	...	...	..		1981	229	128	55.9
	1982	...	...	..		1982	...	...	...
					Kenya	1979	2 962	171	5.8
						1980	3 790	415	10.9
						1981	2 928	157	5.4
						1982	2 569	196	7.6
3. Iron Ores and Concentrates									
Liberia	1979	290 039	-	0.0	Kenya	1979	-	-	-
	1980	310 252	-	0.0		1980	919	-	0.
	1981	225 390	31.72	1.0		1981	490	-	0.0
	1982	...	...	...		1982	729	-	0.0
Morocco	1979	1 778	-	0.0	Tunisia	1979	-	-	-
	1980	2 599	-	0.0		1980	524	524	100.0
	1981	1 294	-	0.0		1981	1 093	1 093	100.0
	1982	5 755	-	0.0		1982	...	...	..
4. Tinc Ores and Concentrates									
Morocco	1979	2 556	-	0.0	Algeria	1979	11 093	-	0.0
	1980	2 369	-	0.0		1980	9 083	-	0.0
	1981	3 723	-	0.0		1981	16 642	-	0.0
	1982	3 564	-	0.0		1982	7 617	-	0.0
Tunisia	1979	979	-	0.0					
	1980	4 152	-	0.0					
	1981	4 526	-	0.0					
	1982	...	...	...					

Table 6 (Contd.)

Intra-African Trade in Certain Mineral Raw Materials

(Values in thousand US dollars)

Country	Year	Total Exports to World	Total Exports to Africa	Percentage to Africa	Country	Year	Total Imports from World	Total Imports from Africa	Percentage from Africa
5. Zinc metal									
Algeria	1979	6 885	161	2.3	Egypt	1979	2 241	310	13.8
	1980	17 653		0.0		1980	2 654	-	0.0
	1981	21 456	409	1.9		1981	4 199	220	5.2
	1982	6 606	366	5.5		1982	4 684	832	17.8
Zambia	1979	34 170	6892	20.2	Kenya	1979	6 100	3 296	54.0
	1980	...	...	...		1980	6 999	3 925	54.1
	1981	...	...	..		1981	5 337	3 194	59.8
	1982	...	...	...		1982	...	...	...
					Tunisia	1979	866	-	0.0
						1980	1 352	158	11.7
						1981	1 174	425	39.6
						1982	...	...	...
					Ethiopia	1979	866	153	17.7
						1980	884	-	0.0
						1981	1 927	-	0.0
						1982	410	-	0.0
6. Manganese Ores and Concentrates									
Gabon	1979	124 556	-	0.0	Ivory coast	1979	416	-	0.0
	1980	...	...	...		1980	...	...	...
	1981	89 730	143	0.1		1981	330	330	100.0
	1982	...	...	...		1982	647	647	100.0
Niger	1979	1 809	-	0.0					
	1980	6 197	-	0.0					
	1981	162 632	27 321	16.8					
	1982	...	...	...					
Morocco	1979	5 352	-	0.0					
	1980	14 686	-	0.0					
	1981	12 091	-	0.0					
	1982	10 081	-	0.0					

Source: UN, Commodity Trade Statistics, Series D.

IV. Some Recommendations for promoting Intra-African Trade in Mineral Raw Materials

20. Measures to be taken should be envisaged at both the national and regional levels.

A. National measures

21. At the national level, it is important that African countries effectively control the mineral resources they possess and develop them through the industrialization process. To this end, they should take necessary steps to improve knowledge of their national reserves through an adequate inventory and also to monitor the activities of transnational corporations which are involved in mining sector. It should, however, be pointed out that the application of these proposed measures faces serious problems such as insufficient financial resources. To overcome these difficulties co-operation with neighbouring countries is not only desirable but a necessity.

B. Regional measures

22. In order to promote intra-African trade in mineral raw materials, co-operation should focus on the following areas:

1. Production

(a) The lack of trained and skilled manpower continues to adversely affect the national exploitation of raw materials. African countries should therefore consider ways and means of developing the necessary national and multinational skills and facilities so as to establish their sovereignty over their national mineral resources.

(b) African countries should establish a programme for co-operation in research, exploitation and processing the mineral raw materials: for instance, they should set up joint enterprises for carrying out mining research projects and undertaking joint exploitation of resources. Major industrial complexes should be established in order to transform mineral raw materials, so as to provide a source of supply for intra-African trade in manufactured minerals and diminish excessive dependence on outside imports of manufactured goods.

(c) African countries should encourage producers associations to deal with problems not only limited to those of external markets but also with problems relating to the development of intra-African trade.

2. Marketing

23. (a) Most of African countries are still faced with the crisis arising from the collapse in the primary commodities of

paramount interest to them. They should therefore try to stabilize commodity markets. On the sub-regional and regional basis, commodity exchanges should be institutionalized with a view to promoting intra-African trade and stabilizing export earnings.

(b) African countries are not very often aware of trade opportunities in mineral raw materials existing within the region. They should use the existing sub-regional and regional institutions to get acquainted with existing and potential trade oportunities within the region.

3. Financial co-operation

24. Adequate financial resources should be made available to producing countries to increase the processing and productive capacity of mineral commodity.

(a) African countries should use multinational African banks to allocate enough resources for the development of the mining sector and the industrialization based on the mineral raw materials.

(b) African countries should also expand resources allocated to existing African payments and clearing houses so that they can play a more dynamic role in the growth of intra-African trade in mineral raw materials.

(c) Compensatory financing facility should be created to ensure price stability and to cover shortfalls in export earnings. African countries should insist that the IMF Compensatory Financing Facility be enlarged and liberalized to meet the pressing needs of the African countries.